

[Presenting plan to cut deficit, commission members offer surprising compromises](#)

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Members of President Obama's bipartisan deficit commission expressed a surprising willingness Wednesday to compromise on issues that have long divided Republicans and Democrats, including raising taxes and cutting Social Security.

Confronted with a deficit-reduction plan loaded with political dynamite, members from both parties set aside ideological orthodoxy at least briefly, sparking hope that their work could ignite a serious effort to reduce government debt and spare the nation from a European-style fiscal crisis.

While only seven of the 18 members endorsed the package outright, others staked out positions that could change the terms of the well-worn Washington debate over taxes and spending.

Sen. Richard J. Durbin (D-Ill.), one of the panel's most influential liberals, embraced a proposal to raise the retirement age to 69 in 2075, calling it "not radical" and "acceptable to me" - a rebuke to the progressive groups, labor organizations and advocates for the elderly that have criticized the idea.

Rep. Jeb Hensarling (Tex.), a leader of the GOP's conservative wing, said he could live with a proposal to cut military spending and increase overall federal tax collections as long as income tax rates were lowered, spending cuts were enforced and Democrats agreed to reexamine the growth of spending envisioned under the recent [health-care law](#).

And Sen. Tom Coburn (Okla.), one of the Republican Party's most respected voices on budget matters, came close to signing on to the package, saying, "This problem is so real, Tom Coburn can't have everything he wants."

"This plan is a plan. The people who have worked on it have tried to build a consensus. I have heartaches with tons of it," he said. "But I know we have to go forward. . . . This is just a down payment on the real, difficult sacrifices that everybody in this country is going to have to make."

Despite the tone of conciliation, commission co-chairmen Erskine Bowles and Alan Simpson conceded that it will be tough to assemble the 14 votes they need to issue official recommendations when the panel votes Friday. A host of interest groups have already vowed to bury the plan in Congress if it begins to gain traction.

Only one member of the panel, Rep. Jan Schakowsky (D-Ill.), said she would vote against the package, arguing that it does too little to protect the middle class against an economic system that seems rigged to benefit the wealthy.

But Durbin also seemed to be leaning toward a "no" vote. Sen. Max Baucus (D-Mont.), who was absent Wednesday, is not enthusiastic about the panel's approach. And the three House Republicans - Reps. Paul D. Ryan (Wis.), Dave Camp (Mich.) and Hensarling - are all expected to reject the package, primarily because of its implicit embrace of Obama's health-care overhaul.

Still, the commission has already attracted more attention and received more respect than nearly anyone predicted. When Obama created it nearly 10 months ago, Republicans dismissed it as a gimmick designed to give the appearance of addressing record deficits in the run-up to the midterm elections. Even many Democrats regarded it as a sham.

"You think about where this started. A lot of people said we wouldn't get six votes," said Sen. Kent Conrad (D-N.D.), who with Sen. Judd Gregg (R-N.H.) came up with the commission concept. Of a dozen lawmakers on the panel, Conrad and Gregg were the only ones to offer immediate support for the deficit-reduction proposals, though Rep. John M. Spratt Jr. (D-S.C.) said he is also leaning toward a "yes" vote.

The White House continued to reserve judgment on the commission's work, which is intended to help shape the president's next budget request, due in February. "The president looks forward to reviewing their work at the conclusion of their votes," said press secretary Robert Gibbs, and he will "evaluate their proposals and their votes as we move forward and put together a budget of our own for next year."

There was no immediate reaction from top leaders in Congress, including House Speaker Nancy Pelosi (D-Calif.), who called an earlier plan "simply unacceptable."

Key officials were more focused Wednesday on policies that would worsen the nation's budget picture. Treasury Secretary Timothy F. Geithner and White House budget director Jacob Lew met twice with a bipartisan group of lawmakers to try reach an agreement on extending tax cuts scheduled to expire Dec. 31.

House Democrats plan to stage a vote Thursday on preserving the cuts on income under \$250,000 a year; keeping them would increase deficits by more than \$2 trillion over the next decade. GOP leaders assailed the scheduled vote as a political stunt aimed at disrupting the legislative agenda in the final weeks of the session.

In addition to dealing with the tax cuts, Congress must approve legislation to fund the government into next year. Democrats also want to extend unemployment benefits, which expired Nov. 30, and Obama is eager for the Senate to ratify [the New START nuclear arms treaty with Russia](#).

The fiscal commission's report was conceived to be part of the last-minute workload. But Bowles and Simpson acknowledged that Congress will not consider their work at least until next year.

Their [final blueprint for rebalancing the federal budget](#) hews closely to the plan they released before Thanksgiving. Like the original, it offers a prescription for reducing deficits by nearly \$4 trillion by the end of the decade, in large part by slashing domestic and military spending.

The plan also recommends raising taxes by nearly \$1 trillion by 2020, primarily by eliminating or reducing cherished breaks such as the deduction for home mortgage interest; the tax-free treatment of employer-paid health insurance; and preferred rates for capital gains and dividends. It also calls for a 15-cent-per-gallon increase in the federal gas tax.

The top income tax rate for individuals and corporations would be lowered to 29 percent or less from 35 percent. And the report recommends a legislative trigger that would raise taxes automatically unless an overhaul was approved by 2013.

Future retirees would face significant sacrifices, including higher Medicare premiums and a later retirement age. The early retirement age would rise to 64 from 62. In deference to liberal concerns, Bowles and Simpson have strengthened protections for workers in physically demanding jobs who might find it difficult to delay retirement, recommending that the Social Security Administration develop an exemption for up to 20 percent of new retirees.

The report, titled "The Moment of Truth," makes an array of other proposals designed to lure the support of commission members, including \$50 billion in specific spending cuts championed by Coburn and endorsement of a payroll tax holiday to spur job creation, promoted by Durbin.

But the chairmen made good on their pledge not to "water down" the plan. The final package would balance the budget more quickly than the original, wiping out annual deficits by 2035. And although the nation's soaring debt would continue to rise in the short term, the plan would bring it down to a more manageable 40 percent of gross domestic product over the next 25 years.

Although deficit hawks and some business groups hailed the proposal, many other powerful organizations said it would require sacrifices too great to bear. The national trial lawyers association called a plan to limit awards in malpractice lawsuits "dangerous" and "radical." AARP said the plan would "increase the health and economic insecurity of millions of Americans." The American Hospital Association warned that saving money by cutting Medicare reimbursements "could jeopardize hospital services for vulnerable patients."

Ron Phipps, head of the influential National Association of Realtors, said his group would push back hard against a plan to wipe out or limit the mortgage interest deduction, which he said

would cause home prices to plummet.

The deduction "is vital to our industry and vital to the stability of housing values," Phipps said. "Frankly, we really are going to be tenacious and aggressive in defending that deduction."

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